R J Reynolds Tobacco Company

Reese P. Stanley
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Sent Via Electronic Mail

July 2, 1996

TO: ROU #1110 ROU #1710
ROU #1210 ROU #2310
ROU #1310 ROU #2910
ROU #1610
(Please distribute to Personnel w/Price Costco responsibility)

RE: ***Price Costco --- Chain ID #9559-05-00***
RJR Partners Program

Ladies and Gentlemen:

On Thursday, June 27, we conducted presentation of 2nd Half Partners Program with Price Costco Eastern Region personnel.

As follow-up to subject meeting, the following outlines points of discussion as we move forward:

- ***Partners Program***

  Effective July 1, Price Costco will convert to Plan A contract for 2nd Half, 1996. Scan systems have been placed in all locations in order to provide RJR their sales by brand, by customer. Base SOM(s) will be established based on July-August data for each individual warehouse location.

- ***Promotions***

  Region personnel remain committed to implementing our DPC/VAP Programs in locations we identify. As part of our Partners Presentation, we outlined our objective to have promotions packed and prepared during scheduled time frames. Failure to meet this commitment will result in loss of Category II payment ($.08) for non-complying locations(s).

  A Promotional calendar has been furnished and we must meet our commitment to deliver our displays/promotional goods in timely manner to positively affect a "Win-Win" scenario.

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Region personnel did request our assistance in ***flighting*** promotions in heavy-up area; i.e., Florida. Additionally, they are requesting our assistance in ensuring promotions are sold-through in the 4-5 week promotional period.

- ***New Brands***

  In the event Regionalized brands are needed, please communicate with our office your needs along with Direct Account Fact Sheet and sample product, if available. We will ensure brands are set-up for identified Warehouse locations.

Your continued assistance with Price Costco in building this segment of our business is appreciated. Should you have any questions, please feel free to contact me.

Sincerely,

Reese

R.P. Stanley
KAM - #2940

RPS:jk
cc: RSMs
KAM R.M. Allen (5640)
Promotion Coordinators — (ROU, please copy coordinators)

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